



Single Audits and Compliance

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SINGLE AUDITS : COMPLIANCE

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Purpose of Single Audits



- Safeguards Federal funds and protects against fraud, waste and abuse
- Promotes sound financial management and effective internal controls
- Provides federal agencies reliable and useful audits



What are Single Audits?



- Nonfederal entities (states, local governments, tribes, colleges and universities, and non-profit organizations) **are required** by the Single Audit Act of 1984, as amended in 1996, to have an annual audit of their federal awards.
- General overview of Single Audits:
 - Required when the entity has at least \$750,000 (previously \$500,000) in annual expenditures of federal funds
 - 2 CFR Part 200 (previously OMB Circular A-133), *Audits of States, Local Governments, and Non-Profit Organizations*, implements the law and provides the basic requirements that must be followed

Why do we review Single Audits?



The Federal awarding agency **must** perform the following:

- Ensure that audits are completed and reports are received in a timely manner.
- Follow-up on audit findings to ensure that the recipient takes appropriate and timely corrective action.
- Evaluate to determine need for initiation of Audit Resolution process for unresolved findings and questioned costs.



Where are Single Audits Submitted?



Here?



No Silly Here...



- Single audits must be electronically submitted to the Federal Audit Clearinghouse (FAC) within 9 months of the end of the recipient's fiscal year

Responsibilities of the FAC:

- Review and process Single Audit submissions in accordance with 2 C.F.R. 200
- Maintain an archive of single audit submissions
- Provide information about Single Audits to Federal agencies and the public

Audit Resolution | Into the Current



- Effective December 26, 2014, OIG will no longer download or review nonfederal audit reports.
- Bureaus are now responsible for reviewing and resolving any audit findings.
- Bureaus will now initiate the Audit Resolution Process

What Can Trigger an Audit?



Single Audit Oversight

Cost or Compliance Issues
No Single Audit to Clearinghouse



Grant Audit Task Force

Relative Program Risk
Recipient Characteristics
Fraud Indicators



Grant/Program Officer Referral

Questioned Cost
Audit, Financial and Performance Report Issues
Site Visit or Monitoring Concerns



Hotline Complaints

Credible Complaint
Significant or Material Issues

Common Audit Findings



- Cash Management – Expenditures are not properly supported.
- Reporting – Reports are not filed in a timely manner; incomplete or missing reports.
- Segregation of Duties – Payments initiated and approved by the same individual.
- Sub-Recipient Monitoring – Lack of financial and performance monitoring.
- Unallowable Costs Activities – Cost not applicable to grant or during time frame.



Lessons Learned



Misappropriation of Federal Funds
Fraud :: Waste :: Abuse



Investigation Example: Two former Executives of a grant were convicted for intentional misappropriation of funds and money laundering for gambling expenses, payroll advances and the purchase of luxury items amounting to nearly half a million dollars.

Improper Payment



How to Avoid Audit Findings



- Prepare a thorough, fact based proposal
- Review and tune-up financial, administrative, and project management systems
- READ and UNDERSTAND before you sign
- Revisit award requirements frequently during the project
- If in doubt, ASK QUESTIONS and get answers and approval BEFORE acting
- Know your NOAA contacts
- DOCUMENT, DOCUMENT, DOCUMENT!



AUDITS

AN ALL HANDS EFFORT



Helpful Sources and Websites



- **2 CFR Part 200– Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards -**
<https://www.federalregister.gov>
- **Department of Commerce Standard Terms and Conditions**
Section D. Audits
- **Department of Commerce Grants and Cooperative Agreements Manual**
Chapter 13, Audits
- **Federal Audit Clearinghouse –** <http://harvester.census.gov>
- **Grants Management Division, NOAA –** <http://www.ago.noaa.gov>
- **Office of the Inspector General, Department of Commerce -**
<http://www.oig.doc.gov>